

TOWNSHIP OF ALMONT

**LAPEER COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT**

JUNE 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

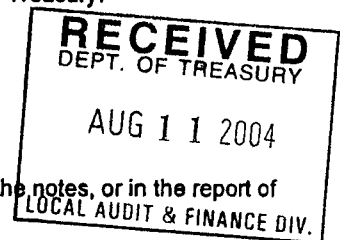
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Almont Township	County Lapeer
Audit Date June 30, 2004	Opinion Date June 30, 2004	Date Accountant Report Submitted to State: August 2, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) JOHN J. LEHOTAN, C.P.A.			
Street Address 4385 W. MAIN STREET PO BOX 450		City BROWN CITY	State MI
Accountant Signature 		ZIP 48416	Date

**TOWNSHIP OF ALMONT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

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Township Board
Township of Almont, Michigan

INDEPENDENT AUDITOR'S REPORT

I have examined the accompanying General Purpose Financial Statements of the Township of Almont, Lapeer County, Michigan as of and for the year then ended June 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, including those prescribed by the State Treasurer. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and business-type activities as required by the *Governmental Accounting Standards Board (GASB 34)*. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements.

In my opinion, except for the omission of the information mentioned in the preceding paragraph, the General Purpose Financial Statements referred to above present fairly, in all material respects, the financial position of the Township of Almont, at June 30, 2004 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

My examination was made for the purpose of forming an opinion on the General Purpose Financial Statements taken as a whole. The accompanying financial information listed as supporting schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the General Purpose Financial Statements of the Township of Almont. The information has been subjected to the auditing procedures applied in the examination of the General Purpose Financial Statements and, in my opinion, is fairly stated in all material respects in relation to the General Purpose Financial Statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANT

August 2, 2004

**COMBINED STATEMENTS
OVERVIEW
(GENERAL PURPOSE FINANCIAL STATEMENTS)**

TOWNSHIP OF ALMONT
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2004

ASSETS	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE		ACCOUNT GROUPS		TOTALS MEMORANDUM ONLY June 30, 2004
	GENERAL FUND	SPECIAL REVENUE		TRUST AND AGENCY		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
Cash - checking, savings and/or money market	\$ 360,969	\$ 975,984		\$ 298,886	\$ 0	\$ 0	0	\$ 1,635,839
Accounts receivable	0	478		0	0	0	0	478
Due from other funds	12,070	2,736		0	0	0	0	14,806
Fixed assets	0	0		0	1,829,373	0	0	1,829,373
Amount to be provided for retirement of long-term debt	0	0		0	0	0	62,505	62,505
Total Assets	\$ 373,039	\$ 979,198		\$ 298,886	\$ 1,829,373	\$ 62,505		\$ 3,543,001
LIABILITIES & FUND EQUITY								
LIABILITIES								
Accounts payable	\$ 42,069	\$ 10,504		\$ 0	\$ 0	\$ 0	0	\$ 52,573
Due to other funds	0	0		14,806	0	0	0	14,806
Contract payable	0	0		0	0	0	62,505	62,505
Due to other units	0	0		65,343	0	0	0	65,343
Amounts held in escrow	0	0		218,737	0	0	0	218,737
Total Liabilities	42,069	10,504		298,886	0	62,505		413,964
FUND EQUITY								
Investment in general fixed assets	0	0		0	1,829,373	0	0	1,829,373
Fund balances:								
Unreserved - Undesignated	330,970	968,694		0	0	0	0	1,299,664
Total Fund Equity	330,970	968,694		0	1,829,373	0	0	3,129,037
Total Liab. & Fund Equity	\$ 373,039	\$ 979,198		\$ 298,886	\$ 1,829,373	\$ 62,505		\$ 3,543,001

The notes are an integral part of the statements.

TOWNSHIP OF ALMONT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
<u>REVENUES</u>	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>MEMORANDUM ONLY</u> <u>JUNE 30, 2004</u>
Property taxes	\$ 295,949	\$ 369,361	\$ 665,310
State shared revenue	218,753	0	218,753
Licenses, permits, & fees	81,046	73,152	154,198
Special assessment	0	240,772	240,772
Interest earnings	12,016	7,932	19,948
Miscellaneous revenue	7,194	920	8,114
<u>Total Revenues</u>	<u>614,958</u>	<u>692,137</u>	<u>1,307,095</u>
<u>EXPENDITURES</u>			
Legislative	64,744	0	64,744
General government	272,582	0	272,582
Public safety	41,517	344,008	385,525
Highway, streets, & drains	414,022	0	414,022
Park and recreation	4,004	0	4,004
Cemetery	8,680	0	8,680
<u>Total Expenditures</u>	<u>805,549</u>	<u>344,008</u>	<u>1,149,557</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(190,591)</u>	<u>348,129</u>	<u>157,538</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in (out)	0	0	0
<u>EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES</u>	<u>(190,591)</u>	<u>348,129</u>	<u>157,538</u>
<u>FUND BALANCES - JULY 1, 2003</u>	<u>521,561</u>	<u>620,565</u>	<u>1,142,126</u>
<u>FUND BALANCES - JUNE 30, 2004</u>	<u>\$ 330,970</u>	<u>\$ 968,694</u>	<u>\$ 1,299,664</u>

The notes are an integral part of the statements.

TOWNSHIP OF ALMONT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, & CHANGES
IN FUND BALANCES BUDGET & ACTUAL - GENERAL AND SPECIAL
REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE FUNDS</u>		
<u>REVENUES</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Property taxes	\$ 293,200	\$ 295,949	\$ 2,749	\$ 377,200	\$ 369,361	\$ (7,839)
State shared revenue	231,000	218,753	(12,247)	0	0	0
Licenses, permits, & fees	64,500	81,046	16,546	68,000	73,152	5,152
Special assessment	0	0	0	240,000	240,772	772
Interest earnings	10,000	12,016	2,016	4,600	7,932	3,332
Miscellaneous revenue	11,200	7,194	(4,006)	2,800	920	(1,880)
<u>Total Revenues</u>	<u>609,900</u>	<u>614,958</u>	<u>5,058</u>	<u>692,600</u>	<u>692,137</u>	<u>(463)</u>
<u>EXPENDITURES</u>						
Legislative	92,000	64,744	27,256	0	0	0
General government	334,500	272,582	61,918	0	0	0
Public safety	45,000	41,517	3,483	1,272,644	344,008	928,636
Highway, streets, & drains	523,635	414,022	109,613	0	0	0
Park and recreation	10,000	4,004	5,996	0	0	0
Cemetery	12,000	8,680	3,320	0	0	0
Other activities	82,765	0	82,765	0	0	0
<u>Total Expenditures</u>	<u>1,099,900</u>	<u>805,549</u>	<u>294,351</u>	<u>1,272,644</u>	<u>344,008</u>	<u>928,636</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(490,000)</u>	<u>(190,591)</u>	<u>299,409</u>	<u>(580,044)</u>	<u>348,129</u>	<u>928,173</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers in (out)	0	0	0	0	0	0
<u>EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES</u>	<u>(490,000)</u>	<u>(190,591)</u>	<u>299,409</u>	<u>(580,044)</u>	<u>348,129</u>	<u>928,173</u>
<u>FUND BALANCES - JULY 1, 2003</u>	<u>490,000</u>	<u>521,561</u>	<u>31,561</u>	<u>580,044</u>	<u>620,565</u>	<u>40,521</u>
<u>FUND BALANCES - JUNE 30, 2004</u>	<u>\$ 0</u>	<u>\$ 330,970</u>	<u>\$ 330,970</u>	<u>\$ 0</u>	<u>\$ 968,694</u>	<u>\$ 968,694</u>

The notes are an integral part of the statements.

**TOWNSHIP OF ALMONT
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

The accounting methods and procedures adopted by the Township of Almont, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Township of Almont is a general law Township operating under the laws of the State of Michigan. Almont Township is governed by a Board consisting of the Supervisor, Clerk, Treasurer and four Trustees. The Township provides its residents with public safety (police, fire and inspections), highways and streets, public improvements, planning and zoning and general administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Component units In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

Basis of presentation - fund accounting The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Township has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into fund types and generic funds as described below:

Governmental fund types These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General fund: This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue funds: The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than assessments or expendable trusts) that are legally restricted to expenditures for specified purposes. These funds include: Police Fund and Fire Fund.

Capital Projects funds: The Capital Projects Fund is used to account for the acquisition/construction of facilities/equipment.

Fiduciary fund types Fiduciary Funds include expendable trust and nonexpendable trust and agency funds. The measurement focus of the expendable trust fund is the same as for governmental funds. The measurement focus of the nonexpendable trust is based upon determination of net income, financial position and changes in financial position and changes in financial position. The generally accepted accounting principles applicable to nonexpendable trust and agency funds are those similar to businesses in the private sector.

**TOWNSHIP OF ALMONT
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

Agency funds are purely custodial (assets equal liabilities) and thus, do not involve measurement of results of operations and are used to account for assets held by the Township as an agent for individuals, private organizations, other governments and/or other funds.

Account groups In addition to the broad types of governmental funds, the Township also maintains one account group as described below:

General Fixed Assets Account Group: This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.

General Long-Term Debt Account Group: This account group is established to account for the Township's long-term debt that will be financed from general governmental resources...

Basis of accounting Governmental Funds, Expendable Trust Funds, and Agency Funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes and investment earnings are recorded when earned (when they are measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations, which are recognized when paid.

Nonexpendable Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds.

Agency Fund assets and liabilities are accounted for on the modified accrual basis.

Budgetary data The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior July 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original appropriations, which were amended.

Cash The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and due from other funds Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Other assets Other assets held are recorded and accounted for at cost.

**TOWNSHIP OF ALMONT
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

Property, plant, and equipment Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group.

Property, plant, and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Fund equity The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

Revenues and expenditures/expenses Generally, Revenues for governmental funds, tax revenues, fees, and nontax revenues are recognized when received. Grants from other governments are recorded when qualifying expenditures are paid. Expenditures for governmental funds are recorded when paid.

Property tax revenues Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

Total columns The Combined Financial Statements include total columns that are described as memorandum only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

3. CASH AND INVESTMENTS

The Township's deposits are in accordance with statutory authority. At June 30, 2004, the balance sheet carrying amount of cash deposits was \$1,635,839, which was covered by FDIC insurance. Cash deposits are classified in risk category number three.

The carrying amount of cash and cash equivalents on the combined balance sheet consists of the following:

**TOWNSHIP OF ALMONT
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

	<u>CASH AND CASH EQUIVALENT</u>
Bank Deposits (Checking, Savings and Time Certificates)	\$ 1,635,839
Municipal Investments Fund	<u>0</u>
Total Reported on Balance Sheet	<u>\$ 1,635,839</u>

All cash deposits and investments of the Township are held by the Township in the Township's name.

For the fiscal year ended June 30, 2004 the Township invested in the National City Bank Municipal Investment Fund, whose underlying investments were eligible under MCL 129.91. Since these investments do not involve a transferable financial instrument, they are not categorized into risk categories. These investments are recorded at cost, which is also their fair market value of \$0.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Risk Categorized					
Operating Funds		<u>NONE</u>			
US Treasury Bonds					
Investment in Deferred Compensation Plans					
Total Risk-Categorized Investments					

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.

Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

4. PROPERTY TAXES

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and may be paid by February 14.

Property taxes are not recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available. Property taxes are recorded as revenue when collected.

**TOWNSHIP OF ALMONT
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

The Township levied the following taxes:

General Government Services	1.4280	mills
Fire Fund, Operating	0.8930	mills
Fire Hall	0.9792	mills
Police Fund - Operating, Special Assessment	1.7700	mills
TOTAL	5.0702	mills

5. DUE TO/FROM OTHER FUNDS

As of June 30, 2004, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 12,070	\$ 0
Fire Fund	1,305	0
Fire Hall Fund	1,431	0
Tax Collection Fund	0	14,806
	<u>14,806</u>	<u>14,806</u>
Total Deposits	<u>\$ 14,806</u>	<u>\$ 14,806</u>

6. INTERFUND TRANSFERS

During the year ended June 30, 2004 the Township's interfund transfers were as follows:

<u>OPERATING TRANSFERS IN</u>	<u>OPERATING TRANSFERS OUT</u>
None	None

7. PROPERTY, PLANT, AND EQUIPMENT

Activity for general fixed assets that are capitalized by the Township is summarized below:

	<u>BALANCE JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2004</u>
Land	\$ 21,895	\$ 0	\$ 0	\$ 21,895
Improvements	39,862	0	0	39,862
Buildings	160,470	0	0	160,470
Building improvements	299,415	0	0	299,415
Township Hall addition	187,130	0	0	187,130
Machinery & equipment	248,334	0	0	248,334
Fire vehicles	758,260	0	0	758,260
Township/Police vehicles	44,398	0	0	44,398
Office equipment	69,609	0	0	69,609
Total General Fixed Assets	\$ 1,829,373	\$ 0	\$ 0	\$ 1,829,373

**TOWNSHIP OF ALMONT
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004**

8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended 6/30/04, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>TOTAL APPROPRIATIONS</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
<u>NONE</u>			

9. DEFICIT FUND BALANCE OR RETAINED EARNINGS BALANCES OF INDIVIDUAL FUNDS

None

10. COMPARATIVE DATA

Comparative totals for the prior year has not been presented in the accompanying general purpose, and combined financial statements. Presentation of prior totals has not been presented in the statements since their inclusion would make the statements unduly complex and difficult to read.

11. POST EMPLOYMENT BENEFITS

The Township does not provide any post employment benefits.

12. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

TOWNSHIP OF ALMONT
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2004

13. LONG-TERM DEBT

The following is a summary of Long-Term Debt transactions of the Township for the year ended, June 30, 2004.

	GENERAL OBLIGATIONS
Contract payable at July 1, 2003	\$ 81,852
ADD: Contracts Issued	0
LESS: Contract principal payments	<u>19,347</u>
Contracts payable at June 30, 2004	<u>\$ 62,505</u>

Contract payable at June 30, 2004, is comprised of the following issue.

GENERAL OBLIGATION CONTRACT:

\$100,500 August 13, 2001 Installment Purchase Contract Payable
(For Municipal Building Addition) due in installments
of \$22,275 to \$22,416 through August 1, 2006, interest at 3.75 percent. \$ 62,505

Installment Purchase Contract Payable

Dated August 13, 2001
Original Issue \$100,500

<u>INTEREST RATE</u>	<u>DATE OF MATURITY</u>	<u>PRINCIPAL OUTSTANDING June 30, 2004</u>	<u>REMAINING ANNUAL INTEREST PAYABLE</u>
3.75%	8/1/04	\$ 20,073	\$ 2,344
3.75%	8/1/05	20,826	1,591
3.75%	8/1/06	<u>21,606</u>	<u>810</u>
		<u>\$ 62,505</u>	<u>\$ 4,745</u>

SUPPORTING SCHEDULES

TOWNSHIP OF ALMONT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2004

	June 30, 2004		VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>	<u>BUDGET</u>	<u>ACTUAL</u>	
<u>TAXES - PROPERTY TAX</u>	\$ 293,200	\$ 295,949	\$ 2,749
<u>STATE SHARED REVENUE</u>	231,000	218,753	(12,247)
<u>LICENSES, PERMITS, & FEES</u>			
Board of appeals	1,500	450	(1,050)
Zoning permits & site plan review	39,000	28,522	(10,478)
Engineering inspections	20,000	47,823	27,823
Police fines & district court fees	1,500	2,046	546
Split fees	2,500	2,205	(295)
<u>Total Licenses, Permits, & Fees</u>	64,500	81,046	16,546
<u>INTEREST EARNINGS</u>	10,000	12,016	2,016
<u>MISCELLANEOUS REVENUE</u>			
Refunds and reimbursements	3,000	176	(2,824)
Miscellaneous	8,200	7,018	(1,182)
<u>Total Miscellaneous Revenues</u>	11,200	7,194	(4,006)
<u>TOTAL REVENUES</u>	\$ 609,900	\$ 614,958	\$ 5,058

TOWNSHIP OF ALMONT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2004

	June 30, 2004		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>EXPENDITURES</u>			
<u>LEGISLATIVE - TOWNSHIP BOARD</u>	\$ 92,000	\$ 64,744	\$ 27,256
<u>GENERAL GOVERNMENT</u>			
Supervisor	27,500	27,470	30
Elections	3,000	2,835	165
Assessor	35,000	32,759	2,241
Clerk	53,000	48,392	4,608
Treasurer	47,000	39,179	7,821
Board of review	6,000	2,105	3,895
Township hall	60,000	41,378	18,622
Planning and zoning	103,000	78,464	24,536
<u>Total General Government</u>	<u>334,500</u>	<u>272,582</u>	<u>61,918</u>
<u>PUBLIC SAFETY</u>			
Street lights	5,000	4,261	739
Building inspection	10,000	8,033	1,967
Ambulance	30,000	29,223	777
<u>Total Public Safety</u>	<u>45,000</u>	<u>41,517</u>	<u>3,483</u>
<u>HIGHWAYS, STREETS AND DRAINS</u>	<u>523,635</u>	<u>414,022</u>	<u>109,613</u>
<u>PARKS AND RECREATION</u>	<u>10,000</u>	<u>4,004</u>	<u>5,996</u>
<u>CEMETERY</u>	<u>12,000</u>	<u>8,680</u>	<u>3,320</u>
<u>OTHER ACTIVITIES</u>	<u>82,765</u>	<u>0</u>	<u>82,765</u>
<u>TOTAL EXPENDITURES</u>	<u>1,099,900</u>	<u>805,549</u>	<u>294,351</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(490,000)</u>	<u>(190,591)</u>	<u>299,409</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES</u>	<u>(490,000)</u>	<u>(190,591)</u>	<u>299,409</u>
<u>FUND BALANCE - JULY 1, 2003</u>	<u>490,000</u>	<u>521,561</u>	<u>31,561</u>
<u>FUND BALANCE - JUNE 30, 2004</u>	<u>\$ 0</u>	<u>\$ 330,970</u>	<u>\$ 330,970</u>

TOWNSHIP OF ALMONT
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2004

	<u>FIRE FUND</u>	<u>FIRE HALL FUND</u>	<u>POLICE FUND</u>	<u>BUILDING INSPECTION FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Cash, chck., sav., & money mkt.	\$ 388,371	\$ 376,643	\$ 187,084	\$ 23,886	\$ 975,984
Due from tax account	1,305	1,431	0	0	2,736
Due from employees	478	0	0	0	478
<u>Total Assets</u>	<u>\$ 390,154</u>	<u>\$ 378,074</u>	<u>\$ 187,084</u>	<u>\$ 23,886</u>	<u>\$ 979,198</u>
<u>LIABILITIES & FUND BALANCE</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ 5,127	\$ 0	\$ 0	\$ 5,377	\$ 10,504
Due to General Fund	0	0	0	0	0
<u>Total Liabilities</u>	<u>5,127</u>	<u>0</u>	<u>0</u>	<u>5,377</u>	<u>10,504</u>
<u>FUND EQUITY</u>					
Fund Balance - Unreserved	385,027	378,074	187,084	18,509	968,694
<u>Total Liab. & Fund Balances</u>	<u>\$ 390,154</u>	<u>\$ 378,074</u>	<u>\$ 187,084</u>	<u>\$ 23,886</u>	<u>\$ 979,198</u>

TOWNSHIP OF ALMONT
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

<u>REVENUES</u>	<u>FIRE FUND</u>	<u>FIRE HALL FUND</u>	<u>POLICE FUND</u>	<u>BUILDING INSPECTION FUND</u>	<u>TOTAL</u>
Police special assessment	\$ 0	\$ 0	\$ 240,772	\$ 0	\$ 240,772
Property taxes	176,177	193,184	0	0	369,361
Inspection fees	0	0	0	73,152	73,152
Interest earnings	4,556	1,642	1,439	295	7,932
Miscellaneous	910	0	0	10	920
<u>Total Revenues</u>	<u>181,643</u>	<u>194,826</u>	<u>242,211</u>	<u>73,457</u>	<u>692,137</u>
<u>EXPENDITURES</u>					
Public safety	111,723	0	163,211	0	274,934
Building inspection	0	0	0	69,074	69,074
<u>Total Expenditures</u>	<u>111,723</u>	<u>0</u>	<u>163,211</u>	<u>69,074</u>	<u>344,008</u>
<u>EXCESS OF REVENUES OVER (UNDER)</u>	<u>69,920</u>	<u>194,826</u>	<u>79,000</u>	<u>4,383</u>	<u>348,129</u>
<u>EXPENDITURES</u>					
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from (to) Other Funds	0	0	0	0	0
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>69,920</u>	<u>194,826</u>	<u>79,000</u>	<u>4,383</u>	<u>348,129</u>
<u>FUND BALANCE - JULY 1, 2003</u>	<u>315,107</u>	<u>183,248</u>	<u>108,084</u>	<u>14,126</u>	<u>620,565</u>
<u>FUND BALANCE - JUNE 30, 2004</u>	<u>\$ 385,027</u>	<u>\$ 378,074</u>	<u>\$ 187,084</u>	<u>\$ 18,509</u>	<u>\$ 968,694</u>

TOWNSHIP OF ALMONT
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
BUDGET & ACTUAL - FIRE FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Property taxes	\$ 180,200	\$ 176,177	\$ (4,023)
Interest earnings	3,500	4,556	1,056
Miscellaneous	2,700	910	(1,790)
<u>Total Revenue</u>	<u>186,400</u>	<u>181,643</u>	<u>(4,757)</u>
<u>EXPENDITURES</u>			
Salaries and FICA tax	65,000	63,232	1,768
Firemen medical expenses	1,000	330	670
Utilities	7,000	6,323	677
Insurance	16,000	15,810	190
Operating supplies/fuel	4,000	3,059	941
Education/training/mileage	11,000	10,647	353
Building maintenance	0	0	0
Vehicle/equipment maintenance	9,000	8,650	350
Capital outlay	193,044	2,545	190,499
Contingency misc.	195,400	1,127	194,273
<u>Total Expenditures</u>	<u>501,444</u>	<u>111,723</u>	<u>389,721</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(315,044)	69,920	384,964
<u>OTHER FINANCING SOURCES (USES)</u>			
Contribution to General Fund	0	0	0
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES & OTHER (USES)</u>	(315,044)	69,920	384,964
<u>FUND BALANCE - JULY 1, 2003</u>	<u>315,044</u>	<u>315,107</u>	<u>63</u>
<u>FUND BALANCE - JUNE 30, 2004</u>	<u>\$ 0</u>	<u>\$ 385,027</u>	<u>\$ 385,027</u>

TOWNSHIP OF ALMONT
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
BUDGET & ACTUAL - POLICE FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Special assessments	\$ 240,000	\$ 240,772	\$ 772
Interest earnings	600	1,439	839
<u>Total Revenue</u>	<u>240,600</u>	<u>242,211</u>	<u>1,611</u>
<u>EXPENDITURES</u>			
Contracted services	188,000	163,211	24,789
Contingency	134,600	0	134,600
<u>Total Expenditures</u>	<u>322,600</u>	<u>163,211</u>	<u>159,389</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(82,000)</u>	<u>79,000</u>	<u>161,000</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES & OTHER (USES)</u>	<u>(82,000)</u>	<u>79,000</u>	<u>161,000</u>
<u>FUND BALANCE - JULY 1, 2003</u>	<u>82,000</u>	<u>108,084</u>	<u>26,084</u>
<u>FUND BALANCE - JUNE 30, 2004</u>	<u>\$ 0</u>	<u>\$ 187,084</u>	<u>\$ 187,084</u>

TOWNSHIP OF ALMONT
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
BUDGET & ACTUAL - BUILDING INSPECTION FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Building inspections	\$ 68,000	\$ 73,152	\$ 5,152
Interest earnings	500	295	(205)
Other income	100	10	(90)
<u>Total Revenue</u>	<u>68,600</u>	<u>73,457</u>	<u>4,857</u>
<u>EXPENDITURES</u>			
Salaries and FICA tax	0	51,201	0
Contracted inspections	0	17,033	0
Operating supplies	0	287	0
Education/training/mileage	0	278	0
Miscellaneous	0	275	0
Contingency	0	0	0
<u>Total Expenditures</u>	<u>78,600</u>	<u>69,074</u>	<u>9,526</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(10,000)</u>	<u>4,383</u>	<u>14,383</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES & OTHER (USES)</u>	<u>(10,000)</u>	<u>4,383</u>	<u>14,383</u>
<u>FUND BALANCE - JULY 1, 2003</u>	<u>10,000</u>	<u>14,126</u>	<u>4,126</u>
<u>FUND BALANCE - JUNE 30, 2004</u>	<u>\$ 0</u>	<u>\$ 18,509</u>	<u>\$ 18,509</u>

TOWNSHIP OF ALMONT
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES
June 30, 2004

AGENCY FUNDS

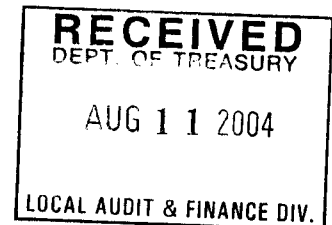
<u>ASSETS</u>	TRUST AND <u>AGENCY</u>	CURRENT <u>TAX</u>	<u>TOTAL</u>
Cash and cash equivalents	\$ 218,737	\$ 80,149	\$ 298,886
<u>TOTAL ASSETS</u>	<u>\$ 218,737</u>	<u>\$ 80,149</u>	<u>\$ 298,886</u>
 <u>LIABILITIES</u>			
Deposits	\$ 218,737	\$ 0	\$ 218,737
Due to other units	0	65,343	65,343
Due to other funds	0	14,806	14,806
<u>TOTAL LIABILITIES</u>	<u>\$ 218,737</u>	<u>\$ 80,149</u>	<u>\$ 298,886</u>

JOHN J. LEHOTAN, C.P.A.

4385 W. Main Street
P.O. BOX 450
Brown City, MI 48416

Telephone (810) 346-3569
Fax (810) 346-8131

August 2, 2004



Township Board
Township of Almont
Almont, Michigan

In accordance with your request, I have made an examination of the financial statements of the Township of Almont for the fiscal year ended, June 30, 2004.

From an overall viewpoint, the Township of Almont is in good financial condition, and the financial records maintained by the Township Clerk and Treasurer are in good order.

The Township Treasurer and Building Department should reconcile outstanding balances of performance bonds, engineering inspection fees and other deposits on a monthly basis.

I thank the Township officials and employees for the cooperation I received in the completion of this examination.

Sincerely,

A large, stylized handwritten signature in dark ink, appearing to read "John J. Lehotan".

John J. Lehotan, C.P.A.